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SANKEI (Page 1) (Abridged)

August 22, 2006

The Sankei Shimbun carried out a public opinion survey on Aug. 19-20 with Fuji News Network (FNN) to probe into the public attitude toward politics. With the ruling Liberal Democratic Party's presidential election slated for this September, Chief Cabinet Secretary Abe topped all other post-Koizumi candidates at 46.9%, up

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1.3%age points from a previous FNN poll conducted July 29-30. Among LDP supporters, Abe stood at 68.1%, maintaining an overwhelming advantage in the race.

Other candidates remained low, with Finance Minister Sadakazu Tanigaki at 9.4%, up 0.1 point, and Foreign Minister Taro Aso at 6.7%, up 1.1 points. Among LDP supporters, Tanigaki stood at 5.6%, with Aso at 6.5%.

In the survey, respondents were also asked if they approved of Prime Minister Junichiro Koizumi's August 15 visit to Yasukuni Shrine, with 44.6% saying "no" and 41.4% saying "yes."

Respondents were further asked if they thought the next prime minister should visit Yasukuni Shrine. In response, "no" accounted for 47.4%, with "yes" just 26.9%. Among LDP supporters, however, affirmative answers outnumbered negative ones, with "yes" accounting for 42.8% and "no" 28.9%.

4) Poll: 54% favors raising consumption tax

NIHON KEIZAI (Page 2) (Abridged)
August 22, 2006

The Nihon Keizai Shimbun has found from its Aug. 18-20 public opinion survey that a total of 54% are in favor of raising the consumption tax, broken down into 35% saying it would be unavoidable

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to do so in the future if such a hike would be used to raise funds for pensions or other limited purposes and 19% saying it would be unavoidable to do so for fiscal reconstruction. Those insisting on maintaining the consumption tax rate at the current level accounted for 24%. Meanwhile, 9% insisted on abolishing the consumption tax.

The proportion of opinions for raising the consumption tax was up 6 percentage points from this June's survey, and the proportion of opinions against raising the consumption tax was down 6 points. In the survey, those for raising the consumption tax were further asked about the acceptable ceiling of the consumption tax rate. In response, 56% said they would accept a consumption tax increase of up to 10%, followed by 25% for an increase of up to 8%, 10% for up to 15%, and 4% for up to 12%.

5) Komeito party exec pegs CCS Abe against his standpoint for collective defense

SANKEI (Page 5) (Full)
August 22, 2006

Junji Higashi, chairman of the co-ruling New Komeito party's Diet affairs committee, sought to check Chief Cabinet Secretary Shinzo Abe on his published view insisting that Japan should be allowed to exercise the right of collective self-defense, which is not allowed in the government's constitutional interpretation. "If he comes up with this in our interparty talks for coalition government, our talks would become considerably tough," Higashi said in his party's forum held yesterday in Tokyo. "We cannot say yes," he added. Another Komeito executive explains that Higashi asked for Abe's understanding of the Komeito's stance before Abe announces his political initiative or manifesto to take over the reins of government.

6) Abe to promise 3% real economic growth in policy platform for presidential election but sidestep consumption tax

YOMIURI (Top Play) (Excerpts)
August 22, 2006

Chief Cabinet Secretary Shinzo Abe, 51, decided yesterday to pledge in a policy platform for the Liberal Democratic Party presidential election in September to achieve an annual real economic growth rate of 3%. As specific measures to attain this goal, he will present measures to adopt preferential taxes to help private firms advance technical innovation, as well as to promote market liberalization by concluding free trade agreements (FTA) with Asian countries in an effort to expand exports and promote investment from Japan. Concerning the consumption tax, Abe has decided not to present a specific rate of hike, just noting that he would look into the issue in conjunction with the planned raise by FY2009 of the rate of the

burden that pensions place on the national treasury.

Abe will announce his candidacy for the LDP presidency and release the policy platform on Sept. 1.

In its new economic growth strategy out in July, the government presented its scenario for the nation to continue to achieve a real growth of more than 2.2% in gross domestic product annually. Abe will come up with a higher goal than this, with the aim of minimizing the range of increase in the consumption tax hike by automatically increasing tax revenues.

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7) Aso announces candidacy for LDP presidential race; Policies lack uniqueness, are close to Abe's

ASAHI (Page 2) (Excerpts)
August 22, 2006

Foreign Minister Taro Aso held a press conference at LDP headquarters yesterday to formally announce his candidacy for the LDP presidential election. He also promised to shift diplomacy and create a society that can guarantee peace of mind and real affluence apparently in an effort to send a strong message to rank-and-file local LDP members. But Aso's vision lacks concrete policies, such as Finance Minister Sadakazu Tanigaki's plan to raise the consumption tax to 10%. His differences with Chief Cabinet Secretary Shinzo Abe, who is way ahead, remain unclear.

Tanigaki declared his candidacy on July 27, and Abe is scheduled to follow suit on Sept. 1.

Main policies by LDP presidential candidates

- 1. Aso
- 2. Abe
- 3. Tanigaki

Asia

- 1. Diplomacy needs a shift. Pursue stability based on the Japan-US alliance. (Campaign pledge)
- 2. Politics must be separated from economics regarding Japan-China relations. Japan, the United States, Australia, and India must cooperate closely as democracies. (Book)
- 3. Not being able to hold summits with China and South Korea is abnormal. The situation must be corrected as soon as possible. (Campaign pledge)

Fiscal reconstruction

- 1. Tax hikes must follow strict spending cuts. Implement bold policy-related tax cuts. (Campaign pledge)
- 2. Strict spending cuts are a top priority. Make a decision on the consumption tax with an eye on the economic situation. (Press conference)
- 3. Hike the consumption tax rate to 10% in the early 2010s. (Campaign pledge)

Constitution, education

- 1. Constitutional revision requires national debate. The compulsory education age must be lowered by one or two. ((Campaign pledge)
- 2. There are limits to dealing with issues by changing the interpretation of the Constitution. Would make "unfit teachers" resign. (Book)
- 3. The use of the right of collective self-defense requires constitutional revision. The public education system needs to be improved. (Website, etc.)

8) Aso announces candidacy for LDP presidential race

SANKEI (Page 5) (Excerpts)
August 22, 2006

A gist of an administrative vision unveiled yesterday by Foreign Minister Taro Aso

Affluence doubling plan

Turn the policy from quantitative expansion to qualitative improvement with a view to true affluence. Strengthen countermeasures for railroad crossings and utility poles to double the living space. Create more jobs for women, the aged, young people not in education, employment or training (NEET), and others. Advance decentralization to revitalize unique local areas. Affluence cannot be attained without challenges. Present the world with a society, in which the aged, local areas, and industries can make challenges.

Economic policy

Finances are a means to realize policies. Restoring fiscal health is not the iron rule. Implement policy-related tax cuts to allow industries to challenge new techniques. Tax hikes will follow stringent spending cuts.

Educational reform

Japan's future hinges on the development of human resources. Educational reform must not be postponed. Lower the compulsory education age, now set at six, by one or two. Realign colleges and universities and pave the way for them to accept foreign students.

Foreign policy

Pursue Asia's stability based on the Japan-US alliance. Good Japan-China relations are essential for the stability of Asia. Give top priority to the victims of abductions by North Korea, make resolute efforts for its settlement to defend the country's sovereignty. Realize an East Asian Community at Japan's initiative.

A simple and warm government

Realize a strong government to meet public expectations at political initiative. Realign such agencies as the Cabinet Office and the Internal Affairs and Communications Ministry into organizations responsible for state strategy.

Diet reform

Reform the Budget Committees into committees to discuss state basic issues. Increase the efficiency of committee deliberations.

Decentralization

Advance the trinity reform to reshape regional finances and decentralization at political initiative. Introduce the doshu (province) system.

LDP reform

Senior vice-ministers or parliamentary secretaries must fill major department posts. The policy research council chairman must serve as minister in charge of policy as necessary

Main points from Aso's press conference

Announcement of his candidacy

I have secured the backing of 20 LDP lawmakers. The biggest challenge for the next LDP president would be elections, including next year's Upper House election. We must turn our eyes to local areas. Correcting regional disparities is politics' responsibility. Japan has a good international reputation, and we must speak up to the world with confidence. I want to turn Japan into a country where lively senior citizens can work actively.

The consumption tax

I would like to refrain from mentioning exactly when and how much the government will raise indirect taxes because such might dampen economic growth at a time when we don't know how much corporate taxes will grow.

Diplomacy

It's not normal that Japan cannot hold summits with (China and South Korea) because of a single issue. Views spit over whether to blame Japan or those countries. In any case, the situation must be corrected.

Differences from other candidates

The biggest difference is my experience. I have revamped a company, and that has struck a chord with other candidates. Another point is that I am well aware of local areas. Foreign policies should not differ too much; local areas are ailing. We must make efforts to eliminate regional disparities.

In case the ruling coalition fails to win a majority in the Upper House election

The LDP will consider measures, such as joining hands with elected independents. It's up to the prime minister whether he should resign or not.

Top priorities

In the short run, the Basic Education Law is most important. In the long run, constitutional reform and fiscal reconstruction are the LDP's public pledges. Yasukuni Shrine must also be reformed so that (the Emperor) can visit there calmly. Politics should be blamed for a lack of reform of the shrine. Lower House dissolution is out of the question.

9) Ozawa's basic policy: Will he be even more specific about the Constitution, security

MAINICHI (Page 5) (Excerpts)
August 22, 2006

Minshuto (Democratic Party of Japan) President Ichiro Ozawa is now seriously putting together his basic policy. Amid the strong possibility of his uncontested reelection, Ozawa is paying attention to the presidential election of the Liberal Democratic Party (LDP) rather than arguments in his party. He aims to make clear the distinction in deregulation and agricultural policy between the post-Koizumi government and his party. However, Chief Cabinet Secretary Shinzo Abe, the frontrunner in the LDP presidential race,

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has placed priority on constitutional amendments and on foreign and security policies. Since it is difficult for Minshuto to iron out

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differences of opinions within the party, the focus will be on whether the largest opposition party will be able to come up with a more penetrating stance regarding foreign and security policy.

Appearing on a TV program on Aug. 20, Ozawa revealed his policy plans focusing on decentralization by providing local governments with subsidies in a lump sum, allowing them to use funds at their own discretion and by creating a double layer system of the central government and municipalities, expanding the authorities of basic autonomous bodies (municipalities). Ozawa stated:

"Reviewing the centralized administrative framework, individual subsidies should be abolished. Both money and authority should be handed over to (municipalities). Integrating the present municipalities into 300 to 400 across the country, a double layer system of the central government and municipalities should be created."

Ozawa's recent remarks over basic policy focus on decentralization,

agriculture, and employment areas. Regarding agricultural policy, he will advocate a policy of improving the government's support for small- and mid-size farmers, in addition to the party's target of increasing the nation's food self-sufficiency to 100%. As to the employment issue, he will express his view to maintain the lifetime employment system for general workers, while introducing free competition in management positions.

Ozawa has, however, refrained from making specific remarks on the constitution issue, and foreign and security policy. When he belonged to the LDP, he insisted on letting the Self-Defense Forces participate in a UN force by changing the government's interpretation of the Constitution. Even after he joined Minshuto, he expressed his view that an armed standby force (unit) for UN missions should be created based on UN resolutions and the exercise of force should be allowed under the present Constitution. He has not made such remarks since he assumed the party's presidential post in April.

10) US Aegis cruiser to Yokosuka on Aug. 29 for deployment

SANKEI (Page 5) (Full)
August 22, 2006

The USS Shiloh, a US Navy Aegis-equipped cruiser loaded with SM-3 sea-based intercept missiles, will be deployed to the US Navy's Yokosuka base in Kanagawa Prefecture on Aug. 29, sources revealed. It is the first time that a US naval force capable of intercepting ballistic missiles will be deployed to Japan. The US Navy plans to stage six SM-3 Aegis vessels on the Pacific front within the year. Meanwhile, the Maritime Self-Defense Force also plans to deploy an SM-3 Aegis vessel next fiscal year.

11) Defense Agency nixes provisional heliport plan as infeasible

NIHON KEIZAI (Page 2) (Full)
August 22, 2006

Defense Agency Administrative Deputy Director General Takemasa Moriya, meeting the press yesterday, reiterated the Defense Agency's negative stance about Okinawa Prefecture's proposed plan to install a provisional heliport at Camp Schwab in the city of the island prefecture's northern coastal city of Nago over the issue of

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relocating the US Marine Corps' Futenma Air Station from the city of Ginowan to a coastal area of the camp. "Japan and the United States have now finalized the relocation plan as a result of intergovernmental consultations," Moriya said. "It would be difficult to bring up the heliport plan at bilateral consultations," he added.

12) Number of births for Jan-June period increase for first time in six years

MAINICHI (Top Play) (Excerpts)
August 22, 2006

The number of births for the first half of this year increased 11,618 over the same period a year ago to 549,255, marking the first growth in six years, according the dynamic statistics of population released by the Ministry of Health, Labor and Welfare yesterday. The ministry believes that an increase in the number of marriages owing to improvement in the job market and a decrease in the number of abortions might have contributed to the increased number of births. The nation's total fertility rate in 2005 sank to a record low of 1.25. Since 1997, the rate has continued to drop or stay at the same level. The birth rate in 2006 is expected to take an upward turn.

DONOVAN